



INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington, DC 20006 USA

Telephone (202) 463-6660 • Fax (202) 463-6950 • email secretariat@icac.org

From the Secretariat

ICAC Press Release, April 1, 2005

International Cotton Trade to Rise in 2005/06

Cotton supply and demand are reaching historical highs in 2004/05. The harvested area was up 11% to 36 million hectares, the highest since 1995/96. The world yield is climbing to a record of 721 kilograms per hectare, up 79 kilograms per hectare (12%), the largest 1-year increase in 20 seasons. Production is soaring to an estimated all-time high of 25.9 million tons in 2004/05, up 5.2 million tons (25%) from the previous season, the largest year-to-year increase ever. World cotton mill use is reaching 23 million tons for the first time in 2004/05, up 1.7 million tons (8%), the largest year-to-year increase since the mid-80s.

With production largely exceeding consumption in 2004/05, world ending stocks are forecast to soar to 10.7 million tons on July 31st 2005, the highest in six seasons. As a result, the Cotlook A Index is now projected to average 53 cents per pound in 2004/05, down 15 cents (22%) from a six-year high in 2003/04.

Due to lower prices, world cotton area is forecast to decrease 6% in 2005/06. Assuming normal weather, world production is forecast to decline to 23.2 million tons, down 2.7 million tons (10%) from 2004/05. Cotton is price-competitive with chemical fibers. Nevertheless, rising cotton prices in 2005 are likely to slow the rate of growth of cotton mill use to 2.5% in 2005/06. World consumption is forecast to reach 23.6 million tons, up half a million tons. China (Mainland) is expected to increase its imports to a record of 2.8 million tons in 2005/06 to cover the projected gap between domestic consumption and production. Mill use is expected to exceed domestic production in India and Pakistan by a combined 500,000 tons in 2005/06. As a result, international cotton trade is forecast up one million tons (15%) to reach a record of 8 million tons in 2005/06.

Based on current estimates of market fundamentals, the 2005/06 average Cotlook A Index is projected at 57 cents per pound, 4 cents per pound above the current projection for this season.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
	Million Tons			Million Bales		
Production	20.704	25.91	23.24	95.09	119.0	106.7
Consumption	21.302	23.03	23.59	97.84	105.8	108.4
Exports	7.278	6.94	7.96	33.43	31.9	36.6
Ending Stocks	7.813	10.69	10.34	35.89	49.1	47.5
Cotlook A Index	68.3	53*	57*	68.3	53*	57*

* US cents per pound. The estimate for 2004/05 IS NOT A PRICE MODEL RESULT. The statistical estimate for 2005/06 is based on current estimates of supply and use; 95% confidence intervals extend 12 cents per pound above and below the estimate.

(Press releases are available via e-mail. For further information, please contact us at Publications@icac.org)

The International Cotton Advisory Committee is an association of 41 governments of cotton producing and consuming countries. The Secretariat of the Committee publishes information related to world cotton production, supply, demand and prices, and provides technical information on cotton production technology. Detailed statistics are found bimonthly in COTTON: Review of the World Situation, \$160 per year. A monthly outlook by fax is also available for \$300 per year or on the Internet for \$250 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$500 per year.